

CITY OF CASTLE ROCK
Cowlitz County, Washington
January 1, 1993 Through December 31, 1993

Schedule Of Findings

1. City Should Revise Its Agreement With The Castle Rock/Toutle Ambulance Association (CRTAA)

In July 1993, the city entered into an agreement with CRTAA, a nonprofit corporation, for purposes of providing ambulance services to its citizens. This agreement sought to formalize a relationship which has existed for several years. Our review of the agreement, and of the city's relationship with CRTAA, disclosed the following problems.

- a. **City Paid Excess Charges For Mileage And Per Diem)** During 1993, the city paid CRTAA \$20 for each ambulance call. Normally from this amount, five dollars per responding volunteer was designated as per diem, with the balance going to CRTAA's Equipment Fund. Additionally, the city paid CRTAA an allowance for volunteers going on calls exceeding 30 miles. However, we found the city also paid CRTAA the per diem and mileage, even when regular city employees operated the ambulance during their normal working hours. This resulted in overcharges to the city for ambulance crews on those calls. The problem occurred because the city employees also acted as CRTAA volunteers when not on duty with the city. However, when billing CRTAA did not make a distinction between billable calls where employees volunteered during off-duty hours, and nonbillable calls made during regular working hours, when the crew was already being paid by the city. According to city officials, neither the current written agreement nor the earlier verbal understanding requires the city to pay CRTAA for "volunteer" per diem and travel when the ambulance crew is comprised of city employees on city time. We found CRTAA improperly billed and the city paid, at least \$4,485 in excess charges since 1990. We also found the written agreement between the city and CRTAA does not specify the actual amount per call the city is required to pay CRTAA for the per diem and travel expenses of its volunteer ambulance personnel.

Regarding the requirements, form, and methods for authentication of claims against a municipal corporation prior to payment, RCW 42.24.080 states in part:

The form shall provide for the authentication and certification . . . that the materials have been furnished, the services rendered or the labor performed as described, and that the claim is a just, due and unpaid obligation against the municipal corporation . . . and no claim shall be paid without such authentication and certification

- b. **Ambulance Charges Written Off Unfairly)** After collecting any insurance payments, the city routinely writes off unpaid ambulance charges for patients who donate at least \$30 per year to CRTAA, a private nonprofit corporation. Balances

for other patients are aggressively pursued and frequently turned over to a collection agency, if not paid. This practice violates Washington law, because it results in an unfair disparity between total charges paid by its citizens receiving the same class of service.

RCW 35.41.080 states:

The legislative body of any city or town may provide by ordinance for revenues by fixing rates and charges for the furnishing of service, use, or benefits to those to whom service, use, or benefits from such facility or utility is available, which rates and charges shall be uniform for the same class of service.

In addition, this practice violates Washington State Constitution, Article 8, Section 7, which states:

No county, city, town or other municipal corporation shall hereafter give any money, or property, or loan its money, or credit to or in the aid of any individual, association, company or corporation

- c. **CRTAA Inappropriately Receives "Donations" Made To City Ambulance Fund)** CRTAA solicited "donations" from the citizens of Castle Rock and the surrounding area to provide ambulance services. A minimum \$30 donation was requested per household. CRTAA asserted that this donation entitled the household to complete ambulance service for one year to the hospital in Longview. These "donations" to CRTAA, therefore, provided a form of ambulance insurance. However, the City of Castle Rock, not CRTAA, paid the cost of delivery of these ambulance services while CRTAA, a private nonprofit corporation, collected and kept the donations. CRTAA used some of the donated funds to periodically assist the city in purchasing ambulances and other equipment deemed necessary. Since the city acts as provider of the ambulance service, CRTAA is responsible for the bills and should pay the city for all unpaid service provided to households "insured" by CRTAA donations. Failure to collect the unpaid ambulance bills from CRTAA violates Article 8, Section 7, of the Washington State Constitution cited earlier.

We recommend the city resolve the problems identified above by taking the following actions:

- a. The written agreement with CRTAA should be amended to specify the amount required to be paid for ambulance volunteers' per diem and travel costs. The agreement should also prohibit CRTAA from improperly billing the city for per diem and travel by city employees during ambulance runs made on city time.

We further recommend the city collect the \$4,485 overcharges paid CRTAA for ambulance calls made by city employees since 1990.

- b. The city should review its rules for writing off ambulance charges and establish written policies that result in rates and charges which are uniform for all citizens receiving the same class of service.
- c. The city should collect from CRTAA all outstanding costs for ambulance services provided to households who are CRTAA subscribers. The city and CRTAA should review their contract and more clearly define the details, expectations, and

obligations of the parties.

We also recommend this matter be referred to the Office of Insurance Commissioner for review.